EDGAR Submission Header Summary

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XBRL Filing	On
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Emails	edgar@z-k.co.il

Documents

6-K	zk1720466.htm
	6-K
EX-99.1	exhibit_99-1.htm
	Exhibit 99.1
EX-99.2	exhibit_99-2.htm
	Exhibit 99.2
EX-101.INS	rdcm-20170630.xml
	XBRL Instance Document
EX-101.SCH	rdcm-20170630.xsd
	XBRL Taxonomy Extension Schema
EX-101.CAL	rdcm-20170630_cal.xml
	XBRL Taxonomy Extension Calculation Linkbase
EX-101.DEF	rdcm-20170630_def.xml
	XBRL Taxonomy Extension Definition Linkbase
EX-101.LAB	rdcm-20170630_lab.xml
	XBRL Taxonomy Extension Label Linkbase
EX-101.PRE	rdcm-20170630_pre.xml
	XBRL Taxonomy Extension Presentation Linkbase

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of August 2017 (Report No. 3)

Commission File Number: 0-29452

RADCOM LTD.
(Translation of registrant’s name into English)

24 Raoul Wallenberg Street, Tel Aviv 69719, Israel
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form:40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): N/A

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): N/A

THIS FORM 6-K OF THE REGISTRANT IS HEREBY INCORPORATED BY REFERENCE INTO THE REGISTRANT'S REGISTRATION STATEMENTS ON FORM S-8 (REGISTRATION STATEMENT NOS. 333-111931, 333-123981, 333-190207, 333-195465, 333-203087, 333-211628 AND 333-215591) AND FORM F-3 (REGISTRATION STATEMENT NOS. 333-170512, 333-189111 AND 333-210448), AND SHALL BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FILED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

CONTENTS

This report on Form 6-K of the registrant consists of the following documents, which are attached hereto and incorporated by reference herein:

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RADCOM LTD.

Date: August 23, 2017

By: /s/ Ran Vered
Name: Ran Vered
Title: CFO

Exhibit 99.1

RADCOM LTD. AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2017

UNAUDITED

INDEX

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2017	December 31, 2016
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 36,164	$ 42,886
Restricted bank deposit	36	32
Trade receivables (net of allowances for doubtful accounts amounted to $9 as of June 30, 2017 and December 31, 2016)	10,674	4,388
Inventories	468	623
Other account receivables and prepaid expenses	1,429	1,960
Total current assets	48,771	49,889
SEVERANCE PAY FUND	3,077	2,788
OTHER LONG -TERM RECEIVABLES	361	375
PROPERTY AND EQUIPMENT, NET	1,697	1,516
Total assets	$ 53,906	$ 54,568

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

	June 30, 2017	December 31 2016
	Unaudited	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 2,008	$ 2,820
Employees and payroll accruals	3,515	3,541
Deferred revenues and advances from customers	805	2,593
Other accounts payable and accrued expenses	2,357	2,081
Total current liabilities	8,685	11,035
NON- CURRENT LIABILITIES:		
Deferred revenues	127	123
Accrued severance pay	3,608	3,267
Total non-current liabilities	3,735	3,390
Total liabilities	12,420	14,425
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Share capital:		
Ordinary Shares of NIS 0.20 par value: Authorized: 20,000,000 shares at June 30, 2017 and December 31, 2016; 11,725,421 and 11,622,260 shares issued and 11,689,389 and 11,586,228 shares outstanding at June 30, 2017 and December 31, 2016, respectively	530	523
Additional paid-in capital	100,163	98,283
Accumulated other comprehensive loss	(2,563)	(2,559)
Accumulated deficit	(56,644)	(56,104)
Total shareholders' equity	41,486	40,143
Total liabilities and shareholders' equity	$ 53,906	$ 54,568

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands, except share and per share data

	Six months ended June 30, 2017	Six months ended June 30, 2016
	Unaudited	
Revenues:		
Products and related services	$ 4,978	$ 822
Projects	10,633	11,425
Warranty and Support	1,346	1,500
	16,957	13,747
Cost of revenues:		
Products and related services	2,294	1,880
Projects	2,207	1,812
Warranty and Support	164	137
	4,665	3,829
Gross profit	12,292	9,918
Operating expenses:		
Research and development	5,227	3,468
Less - royalty-bearing participation	312	756
Research and development, net	4,915	2,712
Sales and marketing, net	5,886	3,259
General and administrative	2,158	2,027
Total operating expenses	12,959	7,998
Operating (loss) income	(667)	1,920
Financial income, net	150	736
(Loss) Income before taxes on income	(517)	2,656
Taxes on income	(23)	(6)
Net (loss) income	$ (540)	$ 2,650
Basic net (loss) income per Ordinary Share	$ (0.05)	$ 0.28
Diluted net (loss) income per Ordinary Share	$ (0.05)	$ 0.27
Weighted average number of Ordinary Share used in computing basic net (loss) income per Ordinary Share	11,673,240	9,322,930
Weighted average number of Ordinary Share used in computing diluted net (loss) income per Ordinary Share	11,673,240	9,733,037

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

U.S. dollars in thousands

	Six months ended June 30, 2017	Six months ended June 30, 2016
	Unaudited	
Net (loss) income	$ (540)	$ 2,650
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(4)	205
Total other comprehensive (loss) income	(4)	205
Comprehensive (loss) income	$ (544)	$ 2,855

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands (except share data)

	Ordinary Shares		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
	Number	Amount				
Balance as of December 31, 2016	11,586,228	$ 523	$ 98,283	$ (2,559)	$ (56,104)	$ 40,143
Exercise of options into Ordinary Shares	71,937	5	642	-	-	647
RSUs vested	31,224	2	(2)	-	-	-
Share-based compensation and RSUs	-	-	1,240	-	-	1,240
Net loss	-	-	-	-	(540)	(540)
Other comprehensive loss	-	-	-	(4)	-	(4)
Balance as of June 30, 2017 (unaudited)	11,689,389	$ 530	$ 100,163	$ (2,563)	$ (56,644)	$ 41,486

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30, 2017	Six months ended June 30, 2016
	Unaudited	
Cash flows from operating activities:		
Net (loss) income	$ (540)	$ 2,650
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation	243	106
Share-based compensation and RSUs	1,240	687
Change in:		
Severance pay, net	52	161
Trade receivables, net	(6,255)	3,106
Other account receivables and prepaid expenses	554	(672)
Inventories	168	(558)
Trade payables	(924)	304
Employees and payroll accruals	(24)	1,082
Other accounts payable and accrued expenses	262	(121)
Deferred revenue and advances from customers	(1,797)	6,656
Net cash (used in) provided by operating activities	(7,021)	13,401
Cash flows from investing activities:		
Purchase of property and equipment	(298)	(107)
Net cash used in investing activities	(298)	(107)
Cash flows from financing activities:		
Proceeds from issuance of Ordinary Shares, net of issuance costs upon follow-on public offering	-	21,279
Exercise of options into Ordinary Shares	647	1,090
Exercise of warrants into Ordinary Shares	-	1,603
Net cash provided by financing activities	647	23,972
Foreign currency translation adjustments on cash and cash equivalents	(50)	475
Increase in cash and cash equivalents	(6,722)	37,741
Cash and cash equivalents at beginning of the period	42,886	8,727
Cash and cash equivalents at end of the period	$ 36,164	$ 46,468
(a) Non-cash investing activities:		
Purchase of property and equipment	$ 130	$ 293
(b) Cash paid during the period for:		
Taxes on income	$ 23	$ 6

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1:- GENERAL

a. RADCOM Ltd. (the "Company") is an Israeli corporation which provides service assurance and customer experience management solutions for Communication Service Providers ("CSP"). The Company's solutions support the CSPs' ongoing needs to monitor their networks (fixed and mobile) and assure the delivery of a quality service to their subscribers, both on virtual networks ("NFV") and non-virtual networks. The Company specializes in solutions for next- mobile and fixed networks, including LTE, VoLTE, IMS, VoIP, WiFi, VoWiFi and mobile broadband. The Company's comprehensive, carrier-grade solutions are designed for big data analytics on terabit networks, and are used to enhance customer care management, network operations, engineering capabilities, network service management, network planning and marketing. The Company's shares (the "Ordinary Shares") are listed on the NASDAQ Capital Market under the symbol "RDCM".

In February 2014, the Company's MaveriQ solution, a software probe based solution, which replaced the OmniQ solution, a hardware-based solution, officially launched and sales commenced. Since 2015, the Company enhanced its research and development efforts in developing solutions to support NFV and remove dependencies from proprietary hardware-based devices.

The Company has wholly-owned subsidiaries in the United States and Brazil, that are primarily engaged in the sales, marketing, deployment and customer support of the Company's products in North America and Brazil, respectively. The Company also has a wholly owned subsidiary in India, which primarily provides marketing services and customer support services worldwide.

b. The Company has an accumulated deficit of $56,644 as of June 30, 2017. In addition, during the six month period ended June 30, 2017, the Company generated negative cash flow of $7,021 from its operating activities. The Company believes that its existing capital resources and expected cash flows from operations will be adequate to satisfy its expected liquidity requirements at least for the next 12 months.

c. In December 2015, the Company entered to a multi-year sales agreement with Amdocs Software Systems Limited ("Amdocs") for the resale of MaveriQ to AT&T, a leading North American Tier-1 telecom operator (the "AT&T Engagement"). During 2016 and 2017, the Company signed expansion agreements, as well as multi-year maintenance agreements with Amdocs in connection with the AT&T Engagement. During the six month periods ended June 30, 2017 and 2016, the Company recognized revenues in amount of $8,614 and $11,424 pursuant to the AT&T Engagement and its related amendments, which represent approximately 51% and 83% of the total consolidated revenues of the Company, respectively. (See also Note 8c).

NOTE 1: - GENERAL (Cont.)

The Company depends on a limited number of contract customers for selling its solution. If these customers become unable or unwilling to continue to buy the Company's solution, it could adversely affect the Company's results of operations and financial position. The loss of any significant customer, a significant decrease in business from any such customer or a reduction in customer revenue due to adverse changes in the market, economic or competitive conditions or other factors could have a material adverse effect on the company's business, results of operations and financial condition.

d. Follow-on Public Offering:

On May 4, 2016, a "shelf" registration statement covering the public sale of up to $50,000 of the Company's Ordinary Shares was declared effective by the U.S. Securities and Exchange Commission ("SEC").

On May 25, 2016, the Company closed its follow-on public offering at a price of $11.00 per share. Upon the closing of the follow-on public offering, the Company issued 2,090,909 Ordinary Shares, which included 272,727 Ordinary Shares sold pursuant to the underwriters' exercise of the overallotment option to purchase additional Ordinary Shares, for total consideration of approximately $21,279, net of underwriting discounts, commissions and other offering expenses of $1,721 payable by the Company.

NOTE 2: - UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") and the standards of the Public Company Accounting Oversight Board for interim financial information. Accordingly, they do not include all the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, the Company has made all adjustments (consisting only of normal, recurring adjustments, except as otherwise indicated) considered necessary for a fair presentation of the Company's consolidated financial position as of June 30, 2017. Consolidated results of operations and consolidated cash flows for the six months ended June 30, 2017 and 2016, have been included. The results for the six months ended June 30, 2017, are not necessarily indicative of the results that may be expected for the year ending on December 31, 2017.

NOTE 3: - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the annual consolidated financial statements of the Company as disclosed in the Company's Annual Report on Form 20-F for the period ended December 31, 2016 filed with the SEC on March 30, 2017, are applied consistently in these unaudited interim consolidated financial statements, except:

Recently issued accounting standards:

1. In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (“ASC 606”). Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB has recently issued several amendments to the standard, including clarification on identifying performance obligations.

   The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (the full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method).

   ASC 606 will be effective for the Company beginning January 1, 2018. The Company is adopting ASC 606 effective January 1, 2018 and expects to do so using the modified retrospective method. However, a final decision regarding the adoption method has not been finalized at this time.

   The Company has made progress toward completing the evaluation of the potential changes from adopting ASC 606 on its financial reporting and disclosures. The Company has evaluated the impact of the standard on the majority of its revenue streams. Under the new standard, an entity recognizes revenue when or as it satisfies a performance obligation by transferring a good or service to the customer, either at a point in time or over time. Based on its current analysis, the Company expects to continue to recognize most of its product solution revenue at a point in time upon delivery or obtaining acceptance, when such acceptance is deemed substantive; in addition, the Company may identify additional performance obligations. For fixed price contracts, which include significant customization, that are currently recognized using the percentage-of-completion method based on labor effort, the Company does not expect significant changes. The Company's evaluation of the standard and its impact on the accounting and disclosure required changes, design of new controls, changes in its business processes and systems will continue through the adoption date.

U.S. dollars in thousands, except share and per share data

NOTE 3: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. In May 2017, the FASB issued ASU 2017-09, Compensation-Stock Compensation (Topic 718) Scope of Modification Accounting ("ASU 2017-09"). ASU 2017-09 provides clarification on when modification accounting should be used for changes to the terms or conditions of a share-based payment award. This ASU does not change the accounting for modifications but clarifies that modification accounting guidance should only be applied if there is a change to the value, vesting conditions, or award classification and would not be required if the changes are considered non-substantive. The Company is currently evaluating the impact that adopting this new accounting standard will have on its consolidated financial statements.

NOTE 4: - INVENTORIES

	June 30, 2017	December 31, 2016
	Unaudited	
Raw materials	$ -	$ 57
Finished products (*)	468	566
	$ 468	$ 623

(*) Includes amounts of $107 and $176 at June 30, 2017 and December 31, 2016, respectively, with respect to inventory delivered to customers but for which revenue recognition criteria have not been met yet.

NOTE 5: - COMMITMENTS AND CONTINGENCIES

a. Royalty commitments:

The Company receives research and development grants from the Israel Innovation Authority (the "IIA"). In consideration for the research and development grants received from the IIA, the Company has undertaken to pay royalties as a percentage of revenues from products developed from research and development projects financed. If the Company does not generate sales of products developed with funds provided by the IIA, the Company is not obligated to pay royalties or repay the grants.

Royalties are payable at the rate of 3.5% from the time of commencement of sales of all of the Company's products until the cumulative amount of the royalties paid equals 100% of the dollar-linked amounts of the grants received, plus interest at LIBOR.

NOTE 5: - COMMITMENTS AND CONTINGENCIES (Cont.)

As of June 30, 2017, the Company's total commitment with respect to royalty-bearing participation received or accrued, net of royalties paid or accrued, amounted to $43,247.

Royalty expenses relating to the IIA grants included in cost of revenues during the six month periods ended June 30, 2017 and 2016 were $594 and $481, respectively.

In May 2010, the Company received a notice from the IIA regarding alleged miscalculations of the amount of royalties paid by the Company to the IIA for the years 1992-2009 and the revenues basis on which the Company had to pay royalties. The Company believes that all royalties due to the IIA from the sale of products developed with funding provided by the IIA during such years were properly paid or were otherwise accrued. During 2011, the Company reviewed with the IIA the alleged miscalculations. The Company assessed the merits of the aforesaid arguments raised by the IIA and recorded a liability for an estimated loss.

b. From time to time, the Company may be involved in various claims and legal proceedings. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company accrues a liability for the estimated loss. Company’s estimations and related accruals if any are reviewed at least quarterly and adjusted to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events relating to a particular matter.

NOTE 6: - SHAREHOLDERS' EQUITY

Share-based compensation:

a. On April 3, 2013, the Company approved a new Share Option Plan (the "2013 Share Option Plan"). The 2013 Share Option Plan provides for the grant of options to purchase Ordinary Shares to provide incentives to employees, directors, consultants and contractors of the Company. In accordance with Section 102 of the Income Tax Ordinance (New Version) - 1961, the Company's Board of Directors (the "Board") elected the "Capital Gains Route".

On February 19, 2015, the Board adopted an amendment to the 2013 Share Option Plan pursuant to which the Company may grant options to purchase its Ordinary Shares, restricted shares and Restricted Share Units (“RSUs”) to its employees, directors, consultants and contractors. The 2013 Share Option Plan expires on April 2, 2023.

U.S. dollars in thousands, except share and per share data

NOTE 6: - SHAREHOLDERS' EQUITY (Cont.)

On October 30, 2016, the Board resolved to increase the number of shares reserved under the 2013 Share Option Plan, from 1,250,000 to 2,450,000.

The total number of Ordinary Shares available for future grants under the 2013 Share Option Plan as of June 30, 2017, was 1,094,420.

b. Grants of options during the six month period ended June 30, 2017 were at exercise prices equal to the market value of the Ordinary Shares at the date of grant.

c. The following is a summary of the Company's stock options activity for the six month period ended June 30, 2017:

	Number of options	Weighted-average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at December 31, 2016	624,437	$ 10.47	3.55	$ 4,576
Granted (*)	65,002	18.90		
Exercised	(71,937)	8.96		
Expired and forfeited	(8,700)	11.29		
Outstanding at June 30, 2017	608,802	$ 11.54	3.42	$ 4,756
Vested and expected to vest at June 30, 2017	608,802	$ 11.54	3.42	$ 4,756
Exercisable at June 30, 2017	273,400	$ 9.71	2.63	$ 2,637

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the deemed fair value of the Company's Ordinary Shares on the last day of the six month period ended June 30, 2017 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on June 30, 2017. This amount is impacted by the changes in the fair market value of the Company's Ordinary Shares.

(*) The fair value of the options granted during the six month period ended June 30, 2017 was estimated by using a Black-Scholes option-pricing model which requires the following assumptions: risk-free interest rates of 1.6% - 1. 9% which is based on the yield from U.S. treasury zero-coupon bonds with an equivalent term to the options' expected term, expected volatility of 49.3% - 55.9% which is calculated based upon actual historical stock price movements over the most recent periods ending on the grant date and an expected term of 3.45 - 4.76 years which is generated by running a Monte Carlo model pursuant to which historical post-vesting forfeitures and suboptimal exercise factor are estimated by using historical option exercise information of the options.

U.S. dollars in thousands, except share and per share data

NOTE 6: - SHAREHOLDERS' EQUITY (Cont.)

d. As of June 30, 2017, stock options under the 2013 Share Option Plan, as amended are as follows for the periods indicated:

	Options outstanding at June 30, 2017			Options exercisable at June 30, 2017		
Exercise price	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life	Number exercisable	Weighted average exercise price	Weighted average remaining contractual life
$		$	In years		$	In years
2.56 – 3.90	41,400	3.25	1.34	41,400	3.25	1.34
5.35 – 8.60	55,500	6.68	2.02	55,500	6.68	2.02
10.49 – 18.90	511,902	12.73	3.75	176,500	12.17	3.12
	608,802			273,400		

e. The following is a summary of the Company's RSUs activity for the six month period ended June 30, 2017:

	Number of RSUs	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at December 31, 2016	193,150	2.02	$ 3,438
Granted	24,928		
Vested	(31,224)		
Cancelled and forfeited	(3,250)		
Outstanding at June 30, 2017	183,604	1.61	$ 3,553
Vested and expected to vest at June 30, 2017	183,604	1.61	$ 3,553

f. The weighted average fair values of options granted during the six month periods ended June 30, 2017 and 2016 were $7.96 and $5.28 per share, respectively.

g. The weighted average fair values of RSUs granted during the six month periods ended June 30, 2017 and 2016 were $18.44 and $12.55 per share, respectively.

U.S. dollars in thousands, except share and per share data

NOTE 6: - SHAREHOLDERS' EQUITY (Cont.)

h. The following table summarizes the departmental allocation of the Company's share-based compensation charges:

	Six months ended June 30,	
	2017*	**2016***
	Unaudited	
Cost of revenues	$ 67	$ 42
Research and development, net	242	239
Sales and marketing, net	272	51
General and administrative	659	355
	$ 1,240	$ 687

(*) Including $778 and $214 of compensation cost related to RSUs for the six month periods ended June 30, 2017 and 2016, respectively.

i. Share-based compensation:

As of June 30, 2017, there are $2,781 of total unrecognized costs related to non-vested share-based compensation and RSUs that are expected to be recognized over a weighted average period of 1.1 years.

U.S. dollars in thousands, except share and per share data

NOTE 7: - SELECTED STATEMENTS OF OPERATIONS DATA

a Financial income (expenses), net:

	Six months ended June 30 2017	Six months ended June 30 2016
	Unaudited	
Financial income:		
Foreign currency translation adjustments	$ 193	$ 629
Interest from banks	257	216
	450	845
Financial expenses:		
Interest and bank charges	(36)	(13)
Foreign currency translation adjustments	(264)	(96)
	(300)	(109)
Financial income, net	$ 150	$ 736

b. Net (loss) income per share:

The following table sets forth the computation of basic and diluted net income per share:

	Six months ended June 30 2017	Six months ended June 30 2016
	Unaudited	
Numerator:		
Numerator for basic net (loss) income per share	$ (540)	$ 2,650
Denominator:		
Denominator for diluted net (loss) income per share - weighted average number of Ordinary Shares	11,673,240	9,322,930
Effect of dilutive securities:		
Outstanding options and RSU's	-	410,107
Denominator for diluted net (loss) income per share - adjusted weighted average number of Ordinary Shares	11,673,240	9,733,037

NOTE 8: - RELATED PARTY BALANCES AND TRANSACTIONS

a. The Company carries out transactions with related parties as detailed below. Certain principal shareholders of the Company are also principal shareholders of affiliates known as the RAD-BYNET Group.

1. The Company is a party to a reseller agreement with Allot Communications Inc ("Allot"), a company of which the Company's controlling shareholder is an interested party, giving Allot the right to distribute Company's products.

   Revenues related to this reseller agreement are included in Note 8e below as "revenues". For the six month periods ended June 30, 2017 and 2016, revenues aggregated for a total amount of $16 and $74, respectively.

2. Certain premises occupied by the Company and its U.S. subsidiary are rented from related parties. The U.S. subsidiary sub-leased certain premises to a related party. The aggregate net amounts of lease and maintenance expenses for the six month periods ended June 30, 2017 and 2016 were $294 and $214, respectively.

3. Certain entities within the RAD-BYNET Group provide the Company with administrative and IT services. Such amounts expensed by the Company are disclosed in Note 8e below as part of "Expenses" and "capital expenses".

b. The Company's active chairperson of the Board since September 10, 2015 is, among other things, also the spouse of the Company's former chairperson of the Board, a currently serving director and a controlling shareholder of the Company. The active chairperson of the Board of Directors is entitled to a fixed monthly salary. During the six month periods ended June 30, 2017 and 2016, the Company recorded salary expenses with respect to the active chairperson in the amount of $54 and $130, respectively.

c. Since 2015, the Company entered several agreements with Amdocs, to sell its solution, pursuant to which the Company recorded revenues in the amount of $8,614 and $11,424, during the six-month period ended June 30, 2017 and 2016, respectively (See also Note 1c). The Company's controlling shareholder and director, serves as a director in Amdocs.

U.S. dollars in thousands, except share and per share data

NOTE 8:- RELATED PARTY BALANCES AND TRANSACTIONS (Cont.)

d. Balances with related parties:

	June 30, 2017 Unaudited	December 31, 2016
Assets:		
Trade receivables	$ 4,532	$ 952
Other account receivables and prepaid expenses	47	588
Liabilities:		
Trade payables	230	169
Other account payables and accrued expenses	73	92
Advance from customer	$ -	$ 1,880

e. Transactions with related parties:

	Six months ended June 30, 2017	2016
	Unaudited	
Revenues	$ 8,630	$ 11,503
Expenses:		
Cost of revenues	93	84
Operating expenses:		
Research and development, net	183	75
Sales and marketing, net	95	54
General and administrative	109	159
Capital expenses	$ 9	$ -

Exhibit 99.2

Management’s Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement Regarding Forward-Looking Statements

This Management’s Discussion and Analysis of Financial Condition and Results of Operations contains express or implied “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and other U.S. Federal securities laws. In some cases, forward-looking statements are identified by terminology such as “may,” “will,” “could,” “should,” “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these terms or other comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or performance to differ materially from those projected. These statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. The forward-looking statements contained below are subject to risks and uncertainties, including those discussed under Item 3.D “Risk Factors” in our Annual Report on From 20-F for the year ended December 31, 2016, filed with the Securities and Exchange Commission (“SEC”) on March 30, 2017 (the “2016 Form 20-F”) and in our other filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we are under no duty to (and expressly disclaim any such obligation to) update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Management’s Discussion and Analysis of Financial Condition and Results of Operations.

General

You should read the following discussion and analysis in conjunction with our interim unaudited consolidated financial statements for the six months ended June 30, 2017 and notes thereto being filed on Form 6-K with the SEC together with this Management’s Discussion and Analysis of Financial Condition and Results of Operations, and together with our audited consolidated financial statements for the year ended December 31, 2016 as part of the 2016 Form 20-F.

Unless indicated otherwise by the context, all references below to:

“we”, “us” or “our “ are to Radcom Ltd. and its subsidiaries;

“NIS” is to New Israeli Shekels;

“NFV” is to Network Function Virtualization. NFV is a software-centric design approach for building complex information technology (IT) networks and applications, particularly for use by CSPs; and

“CSP” is to Communication Service Provider.

Overview

We are a leading provider of NFV-ready service assurance for CSPs. We have a strong track-record of innovation. Our solution - MaveriQ - continuously monitors network performance and quality of services, to optimize user experience for CSPs’ subscribers. MaveriQ is the “first to market” software-based probe solution and is the first to support NFV networks.

During 2016 and 2017, we have evolved our solution to meet the highest-level requirements of AT&T, the first CSP launching a full NFV eco-system. As new and existing customers seek to manage their existing networks while evaluating and deploying NFV-based architectures, we believe we are well positioned with both our advanced software-based solutions for service assurance and our growing industry track record.

MaveriQ enables CSPs to smoothly migrate their networks to NFV by monitoring and assuring both physical network and NFV-based network and consequentially, ‘hybrid’ networks. With the rate of transition between physical and virtualized networks taking place gradually, CSPs will need to manage ‘hybrid’ networks for the foreseeable future. As a result, service assurance solutions that provide service and network performance visibility in both physical and virtual environments, are expected to gain priority.

CSPs across the globe use our solutions to deliver high quality services, reduce churn, manage network performance, analyze traffic and enhance customer care. Our solutions incorporate cutting-edge technologies and a wealth of knowledge acquired by partnering with many of the industry’s leading CSPs for over two decades. Our carrier-grade solutions support both mobile and fixed networks and scale to terabit data bandwidths to enable big data analytics.

Our solutions deliver specialized capabilities for virtualized infrastructure and next-generation networks, such as LTE, LTE-A, VoLTE, IMS, VoIP, UMTS/GSM and mobile broadband and allow CSPs to monitor and proactively improve quality of experience for their subscribers. The key benefits of our solutions are:

- advanced software-based architecture;
- ease of deployment and management;
- improved customer retention;
- reduced subscriber churn rates;
- improved service availability and quality;
- unique ability to correlate session information and provide an end to end view;
- greater ability to install the solution as a virtual network function for seamless integration into all NFV infrastructures;
- scalability for next-generation services;
- enhanced ability to collect all network packets for a complete and comprehensive view of the network and the customer experience;
- increased operational efficiency and lower costs;
- the inclusion of support for multiple protocols for end-to-end network coverage;
- the existence of both network-wide views and drilldown to an individual subscriber level;
- the support for terabyte networks;
- accelerated deployment of new services and migration to NFV;
- substantially quicker and smoother deployment of our solution;
- real-time capabilities; and
- end to end view of the customer experience.

Our software-based solutions enable CSPs to manage both existing physical networks and next-generation, NFV-based architectures. We recognized that CSPs would require a new approach for service assurance and Customer Experience Management (“CEM”) solutions in order to monitor huge volumes of data and support NFV-based network deployments. In February 2014, we launched our MaveriQ solution, which incorporates software-based probes, and which subsequently replaced our OmniQ hardware-based solution. Since 2015, we launched and substantially enhanced our NFV solution for service assurance and our CEM solution.

In December 2015, our MaveriQ solution was selected by AT&T for its next-generation virtualized network environment. AT&T's deployment represents the first NFV networks of scale in the industry. We are now in the process of deploying our software-based NFV solution with AT&T, and we are leveraging this success in discussions with other CSPs that are looking to manage existing networks while evaluating their transformation to the next-generation NFV architectures.

Financial Highlights

Total revenues in the first six months of 2017 increased by 23.4% to approximately $17 million from approximately $13.7 million in the first six months of 2016. The increase reflects our delivery of orders in backlog and continued momentum in the emerging markets, mainly sale of products and related services in the Philippines.

Operating loss for the first six months of 2017 was approximately $0.7 million, compared to operating income of approximately $1.9 million in the first six months of 2016. The decrease in operating income is attributed to increase in labor cost and related expenses because of the significant increase in the number of employees, increased activities related to our geographical expansion, decrease in grants received from the Israel Innovation Authority (the "IIA") and exchange rate fluctuations between the Israeli Shekel and the U.S. Dollar.

Net loss for the first six months of 2017 was approximately $0.5 million, or $0.05 per diluted share, compared to net income of approximately $2.7 million, or $0.27 per diluted share, in the first six months of 2016.

Cash and cash equivalents were approximately $36.2 million as of June 30, 2017, compared to approximately $42.9 million as of December 31, 2016. The decrease is due to net cash used in operating activities.

Shareholders' equity increased to approximately $41.5 million as of June 30, 2017, compared to approximately $40.1 million as of December 31, 2016. The increase is due to share-based compensation of approximately $1.2 million and exercise of options in the amount of approximately $0.6 million, partially offset by net loss of approximately $0.5 million.

	Six months ended June 30, (U.S. dollars in thousands) Unaudited		% Change 2017 vs. 2016
	2017	2016	
Revenues:			
Products and related services	$ 4,978	$ 822	505.6
Projects	10,633	11,425	(6.9)
Warranty and Support	1,346	1,500	(10.3)
Total Revenues	16,957	13,747	23.4
Cost of Revenues:			
Products and related services	2,294	1,880	22.0
Projects	2,207	1,812	21.8
Warranty and Support	164	137	19.7
Total Cost of Revenues	4,665	3,829	21.8
Gross Profit	12,292	9,918	23.9
Research and Development	5,227	3,468	50.7
Less royalty-bearing participation	312	756	(58.7)
Research and Development, net	4,915	2,712	81.2
Sales and Marketing, net	5,886	3,259	80.6
General and Administrative	2,158	2,027	6.5
Total Operating Expenses	12,959	7,998	62.0
Operating (loss) Income	(667)	1,920	(134.7)
Financial Income, net	150	736	(79.6)
(Loss) income before taxes on income	(517)	2,656	(119.5)
Taxes on income	(23)	(6)	283.3
Net (loss) income	$ (540)	$ 2,650	(120.4)

Revenues. Total revenues in the first six months of 2017 increased by 23.4% to approximately $17.0 million from approximately $13.7 million in the first six months of 2016, reflecting the Company's delivery of orders in backlog and continued momentum in the emerging markets, mainly sale of products and related services in the Philippines.

Revenues per geographic region, based on the location of the end-customer

	Six months ended June 30, (millions of U.S. dollars)		Six months ended June 30, (as percentages)	
	2017	2016	2017	2016
North America	9.0	11.9	53.0	86.9
Europe	0.4	0.6	2.4	4.4
Asia (Excluding Philippines)	0.1	0.1	0.6	0.7
Philippines	3.9	0.1	22.9	0.7
South America (Excluding Brazil)	0.6	0.3	3.5	2.2
Brazil	0.7	0.4	4.1	2.9
Other	2.3	0.3	13.5	2.2
Total revenues	17.0	13.7	100	100

For the first six months 2017, we had two customers in the United States and the Philippines that amounted to $8.6 million and $3.8 million, respectively, of the total consolidated revenues. For the first six months of 2016, we had one customer in the United States, which amounted to $11.4 million of the total consolidated revenues.

Cost of Revenues. Our cost of revenues increased by 21.8% to approximately $4.7 million in the first six months of 2017 from approximately $3.8 million in the first six months of 2016, reflecting the respective revenue increase of 23.4%.

Gross profit increased to 72.5% in the first six months of 2017 from 72.1% in the first six months of 2016.

Research and Development, net. Research and development expenses, net increased by 81.2% to approximately $4.9 million in the first six months of 2017 from approximately $2.7 million in the first six months of 2016. This was attributed mainly to the increase in the number of employees, sub-contractors and related expenses and a decrease in grants received from the IIA.

Sales and Marketing, net. Sales and marketing expenses, net, increased by 80.6% to approximately $5.9 million in the first six months of 2017 from approximately $3.3 million in the first six months of 2016. This was attributed mainly to an increase in the number of employees and third-party commissions.

General and Administrative. General and administrative expenses increased by 6.5% to approximately $2.2 million in the first six months of 2017 from approximately $2 million in the first six months of 2016. This was attributed mainly to an increase in share-based compensation related to options and restricted share units granted to employees and directors.

Financial Income, Net. In the first six months of 2017 we recorded financial income of approximately $0.2 million, compared to financial income of approximately $0.7 million in the first six months of 2016. This change is mainly due to exchange rate differences between the Brazilian Real and the U.S. Dollar.

Taxes on income. Taxes on income are comprised of withholding taxes that were deducted by several of our customers.

LIQUIDITY AND CAPITAL RESOURCES

In the past few years, we have financed our operations through cash generated from operations, private placements of equity securities, governmental grants and our May 2016 follow-on public offering of our Ordinary Shares.

Working Capital and Cash Flows

Liquidity refers to liquid financial assets available to fund our business operations and pay for near-term obligations. These liquid financial assets mostly consist of cash and cash equivalents. As of June 30, 2017, we had approximately $36.2 million in cash and cash equivalents, compared to approximately $42.9 million as of December 31, 2016.

Net cash used in operating activities was approximately $7.0 million in the first six months of 2017 compared to approximately $13.4 million net cash provided by operating activities in the first six months of 2016. The negative cash flow in the first six months of 2017 was primarily due to net loss of approximately $0.5 million, an increase of approximately $6.3 million in trade receivables, a decrease of approximately $1.8 million in deferred revenues and advances from customers, a decrease of approximately $0.9 million in trade payables, partially offset by share-based compensation and restricted share units of approximately $1.2 million, a decrease of approximately $0.6 million in other account receivables and prepaid expenses, a decrease of approximately $0.2 million in inventories, an increase of approximately $0.3 million in other accounts payable and accrued expenses and depreciation of approximately $0.2 million. The positive cash flow in the first six months of 2016 was primarily due to net income of approximately $2.7 million, a decrease of approximately $3.1 million in trade receivables, an increase of approximately $6.7 million in deferred revenues and advances from customers, a decrease of approximately $0.3 million in trade payables, share-based compensation and restricted share units of approximately $0.7 million and an increase of approximately $1.1 million in employees and payroll accruals, which was partially offset by an increase of approximately $0.6 million in inventories and an increase of approximately $0.7 million in other account receivables and prepaid expenses.

The trade receivables and days of sales outstanding are primarily impacted by payment terms, the variations in the levels of shipment in the quarter, and collections performance. Trade receivables for June 30, 2017 increased to $10.7 million from $4.4 million in December 31, 2016, reflecting mainly timing differences of contracts payment milestones. We believe that continued expansion of our business may require continued investments in working capital.

Net cash used in investing activities was approximately $0.3 million in the first six months of 2017 compared to net cash used in investing activities of approximately $0.1 million in the first six months of 2016. All the amounts used related to the purchase of property and equipment.

Net cash provided by financing activities was approximately $0.6 million in the first six months of 2017 compared to approximately $24.0 million net cash provided by financing activities in the first six months of 2016. Cash provided in the first six months of 2017 was due to exercise of options. Cash provided in the first six months of 2016 was mainly due to proceeds from our follow-on public offering completed in May 2016, net of issuance costs, in the amount of $21.3 million, proceeds from the exercise of options in the amount of $1.1 million, and proceeds from exercise of warrants in the amount of $1.6 million.

We believe that our existing capital resources and expected cash flows from operations will be adequate to satisfy our expected liquidity requirements at least for the next 12 months.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. A comprehensive discussion of our critical accounting policies is included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in the 2016 Form 20-F.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to Item 11 "Quantitative and Qualitative Disclosures About Market Risk" in on the 2016 Form 20-F.